



Nursing Home *Methods*

Public Meeting – July 12, 2017

10 a.m. – 12 p.m.

1 West Wilson, Room 751

Presenters

Rene Eastman, Section Chief
Nursing Home Policy and Rate Setting
Division of Medicaid Services

Jim Robinson, Director
Center for Health Systems Research and
Analysis (CHSRA) UW-Madison

Richard Megna
Office of Policy Initiatives and Budget
Department of Health Services

Agenda

- Welcome and opening remarks (Rene)
- Budget update (Richard)
- Proposed *Methods* changes (Rene)
- Preliminary rate modeling estimates (Jim)
- Behavioral/Cognitive Impairment access and improvement incentives (Jim and Rene)
- Next steps (Rene)

Opening Remarks

Welcome!

- Housekeeping items
 - Sign-in sheet
 - Teleconference mute button policy
- Meeting materials available on www.dhs.wisconsin.gov/nh-rates/index.htm



Biennial Budget

Biennial Budget Update

Richard Megna

**Office of Policy Initiatives and Budget
Department of Health Services**



Status of Biennial Budget Bill

- Biennial Budget bill is still under review by the Joint Committee on Finance (JFC) and Legislature.
- JFC review and executive action on the Medicaid budget has been completed but transportation and other issues have caused delays.
- Typically, there are few changes to the budget after JFC review, but Assembly and Senate review of the Biennial Budget could modify the Budget provisions for Medicaid and other areas.
- Also, after Assembly and Senate review, there can be partial vetoes by the Governor.

New Funding in Budget

- **Skilled nursing facility (SNF) rates:** Governor recommended 2% increase in each year of the State Fiscal Year (SFY) 17-19 biennium and JFC concurred.
 - SFY 18: \$12,448,500 All Funds (AF)
 - SFY 19: \$26,190,900 AF
- **Behavioral & Cognitive Impairment Incentive (BEHCI):** Governor recommended \$5 million AF annually and JFC concurred.
- **Intermediate Care Facility for the Individuals with Intellectual Disabilities Rates:** Governor recommended 1% increase in each year of the FY 17-19 biennium and JFC concurred.
 - SFY 18: \$71,300 AF
 - SFY 19: \$136,00 AF
- **Family Care Direct Care Workers:** No provision in Governor's budget but JFC added \$12.5 million GPR annually to JFC supplemental appropriation to support an AF increase of slightly over \$30 million, contingent on federal and JFC approvals.
 - SFY 18: \$30,273,700 AF
 - SFY 19: \$30,458,100 AF



Related Budget Provisions

- **Personal Care Rate Increase:** Governor recommended a 2%/2% rate increase and JFC concurred. \$5.0 million AF in SFY 18 and \$9.9 million AF in SFY 19.
- **Statewide Expansion of Family Care:** Budget assumes Family Care will expand statewide by end of SFY 18 (Adams, Dane, Florence, Forest, Oneida, Taylor, and Vilas counties).
- **Nursing Home Bed Licenses:** No provision in Governor's budget, but JFC requires the Department of Health (DHS) approve an 18-bed license increase for a particular nursing facility and requires DHS to develop policies specifying procedures for bed transfers. Report to JFC due by July 1, 2018.



Related Budget Provisions

- **Exemption for Bed Assessment:** No provision in Governor's budget, but JFC would exempt county-owned Institutes for Mental Diseases and state-only licensed nursing homes, contingent on federal review.
- **Dementia Care Specialists:** No provision in Governor's budget, but JFC provides funding to maintain 19 current dementia care specialists (DCSs) through SFY18, increasing to 24 DCSs starting July 1, 2018.
- **Family Care Partnership Program Statewide Expansion:** No provision in Governor's budget, but JFC directs Department to submit a waiver to expand Family Care Partnership statewide by December 31, 2017.



Proposed *Methods* Changes

Cost Report Due Dates

- Department of Health Services (DHS) will extend due dates to match Medicare
 - 5 months after fiscal year end with a financial statement audit (May 31 if calendar year end)
- Due date expectations will be firm
 - Rates can be reduced by 25% for failure to submit a timely cost report

Lease Maximums

- Changes tabled to be studied as a part of the planned property workgroup

Proposed *Methods* Changes

Material Adjustments

- Threshold for material adjustments will be raised to \$0.50 per patient day impact.
- Original rate letter/adjustments will allow 30 days for provider response
- Subsequent changes to rate/adjustments will allow for seven additional days after the auditor response (or the original 30-day period if still outstanding)

Proposed *Methods* Changes

Resident Televisions

- Will continue to not be allowable property expenses

Fringe Benefits

- Employee vaccines and physicals will be allowable as fringe benefits on Schedule 28.
- Bright-line rule: pre-employment vs. employees
- Pre-employment drug screens or other activities will still be treated as administrative costs.



Preliminary Rate Modeling Estimates

Case Mix Index (CMI) trend estimate
Patient liability revenue forecast

Jim Robinson, CHSRA



Behavioral/Cognitive Impairment Incentives

Methodology Overview

Jim Robinson, CHSRA

Options Discussion

Rene Eastman, DHS



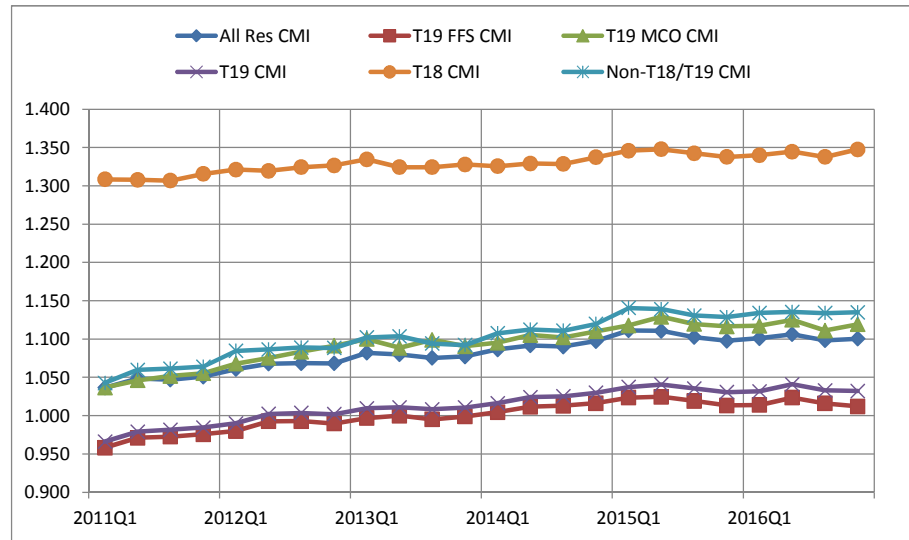
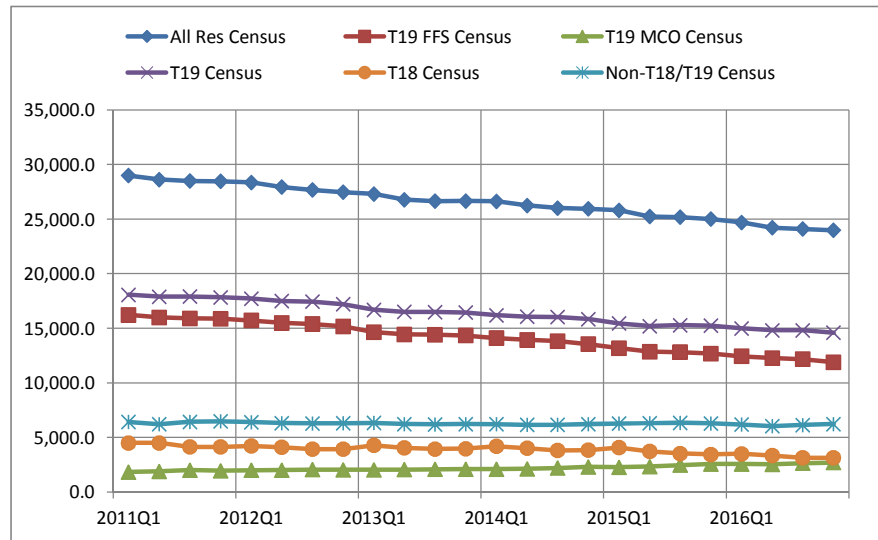
Next Steps

- Final public meeting August 23
- *Methods* submission deadline September 30

WI Nursing Home Census and Case Mix History

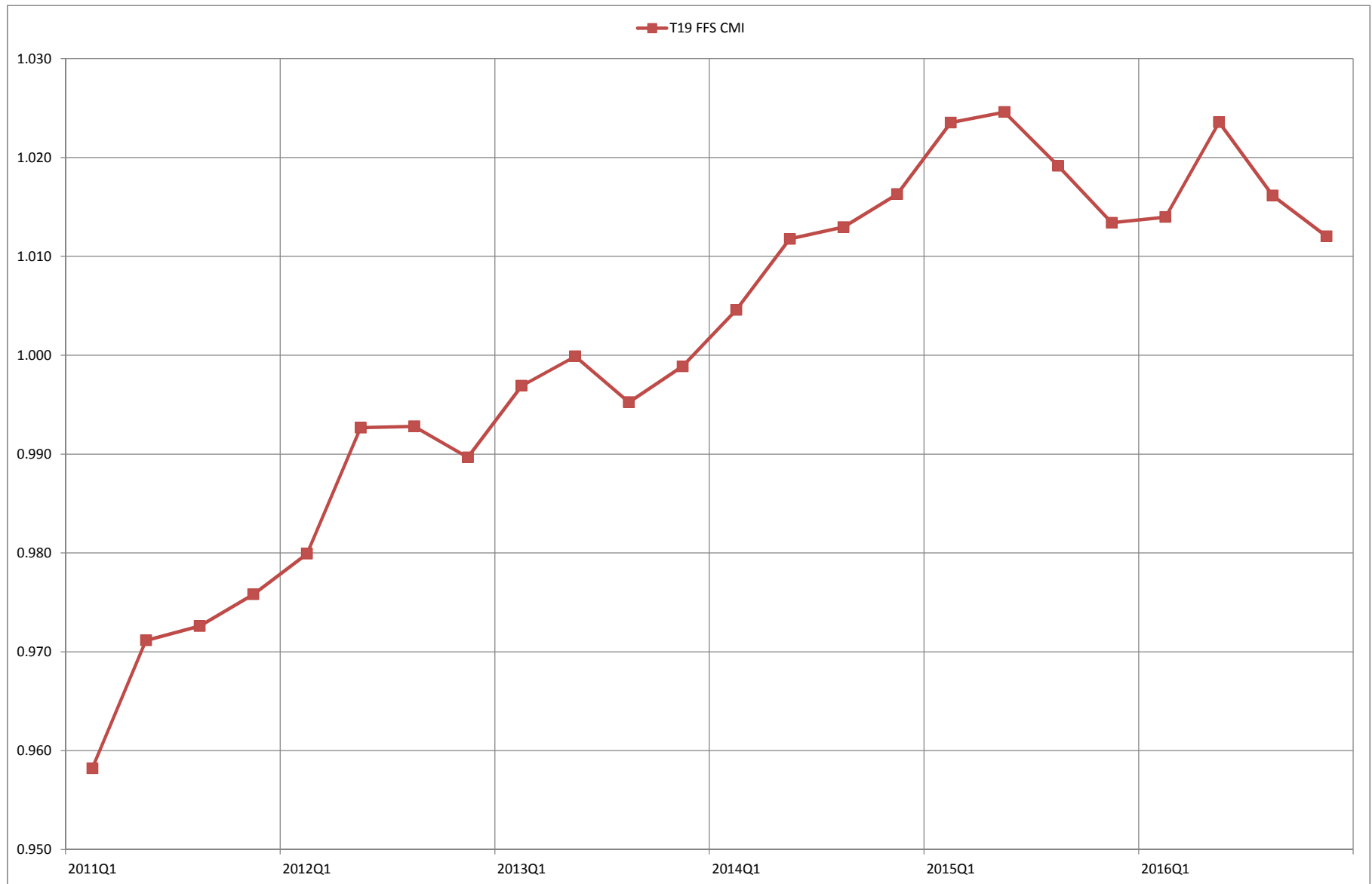
Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

Picture Quarter	Rate Quarter	All Res Census	T19 FFS Census	T19 MCO Census	T19 Census	T18 Census	Non-T18/T19 Census	All Res CMI	T19 FFS CMI	T19 MCO CMI	T19 CMI	T18 CMI	Non-T18/T19 CMI
2011Q1	2011Q4	28,993.3	16,231.2	1,843.4	18,074.6	4,499.4	6,419.3	1.036	0.958	1.037	0.966	1.308	1.042
2011Q2	2012Q1	28,614.4	15,996.2	1,896.6	17,892.8	4,498.6	6,223.0	1.048	0.971	1.046	0.979	1.308	1.060
2011Q3	2012Q2	28,494.1	15,900.4	2,012.7	17,913.0	4,144.1	6,437.0	1.047	0.973	1.052	0.982	1.307	1.061
2011Q4	2012Q3	28,454.1	15,881.0	1,954.5	17,835.5	4,142.1	6,476.5	1.051	0.976	1.055	0.985	1.316	1.064
2012Q1	2012Q4	28,359.8	15,718.7	2,004.5	17,723.2	4,229.8	6,406.8	1.061	0.980	1.068	0.990	1.321	1.085
2012Q2	2013Q1	27,927.3	15,497.1	2,008.7	17,505.9	4,105.7	6,315.7	1.068	0.993	1.075	1.002	1.319	1.086
2012Q3	2013Q2	27,664.9	15,389.2	2,057.1	17,446.3	3,927.2	6,291.5	1.069	0.993	1.084	1.004	1.324	1.089
2012Q4	2013Q3	27,457.8	15,164.4	2,050.3	17,214.7	3,938.9	6,304.3	1.068	0.990	1.091	1.002	1.327	1.088
2013Q1	2013Q4	27,308.4	14,648.9	2,047.9	16,696.8	4,278.7	6,332.9	1.082	0.997	1.100	1.010	1.335	1.102
2013Q2	2014Q1	26,774.8	14,440.4	2,058.6	16,499.0	4,048.3	6,227.6	1.080	1.000	1.088	1.011	1.324	1.103
2013Q3	2014Q2	26,647.1	14,407.2	2,085.1	16,492.3	3,950.8	6,204.0	1.075	0.995	1.099	1.008	1.324	1.094
2013Q4	2014Q3	26,654.5	14,337.1	2,104.0	16,441.0	3,981.6	6,231.8	1.077	0.999	1.091	1.011	1.328	1.092
2014Q1	2014Q4	26,621.2	14,106.1	2,095.6	16,201.8	4,192.9	6,226.5	1.087	1.005	1.095	1.016	1.326	1.108
2014Q2	2015Q1	26,254.4	13,940.7	2,125.5	16,066.2	4,022.8	6,165.3	1.092	1.012	1.105	1.024	1.329	1.112
2014Q3	2015Q2	26,011.7	13,826.1	2,205.5	16,031.7	3,822.9	6,157.1	1.090	1.013	1.102	1.025	1.328	1.111
2014Q4	2015Q3	25,945.4	13,551.2	2,300.6	15,851.8	3,852.3	6,241.4	1.097	1.016	1.110	1.030	1.337	1.120
2015Q1	2015Q4	25,809.7	13,173.5	2,277.5	15,451.0	4,085.9	6,272.8	1.111	1.024	1.118	1.037	1.346	1.140
2015Q2	2016Q1	25,236.0	12,853.7	2,340.5	15,194.3	3,727.6	6,314.2	1.111	1.025	1.129	1.041	1.348	1.139
2015Q3	2016Q2	25,173.3	12,816.7	2,470.0	15,286.7	3,532.7	6,353.9	1.102	1.019	1.120	1.035	1.342	1.131
2015Q4	2016Q3	24,998.0	12,680.9	2,569.1	15,249.9	3,453.1	6,295.0	1.098	1.013	1.116	1.031	1.338	1.129
2016Q1	2016Q4	24,688.6	12,431.0	2,567.5	14,998.4	3,504.4	6,185.8	1.101	1.014	1.117	1.032	1.340	1.134
2016Q2	2017Q1	24,209.3	12,274.4	2,543.0	14,817.3	3,341.4	6,050.6	1.106	1.024	1.125	1.041	1.345	1.135
2016Q3	2017Q2	24,099.4	12,174.1	2,640.7	14,814.8	3,136.3	6,148.3	1.098	1.016	1.111	1.033	1.338	1.134
2016Q4	2017Q3	23,969.8	11,892.9	2,703.6	14,596.5	3,137.8	6,235.5	1.100	1.012	1.119	1.032	1.347	1.135



WI Nursing Home Census and Case Mix History

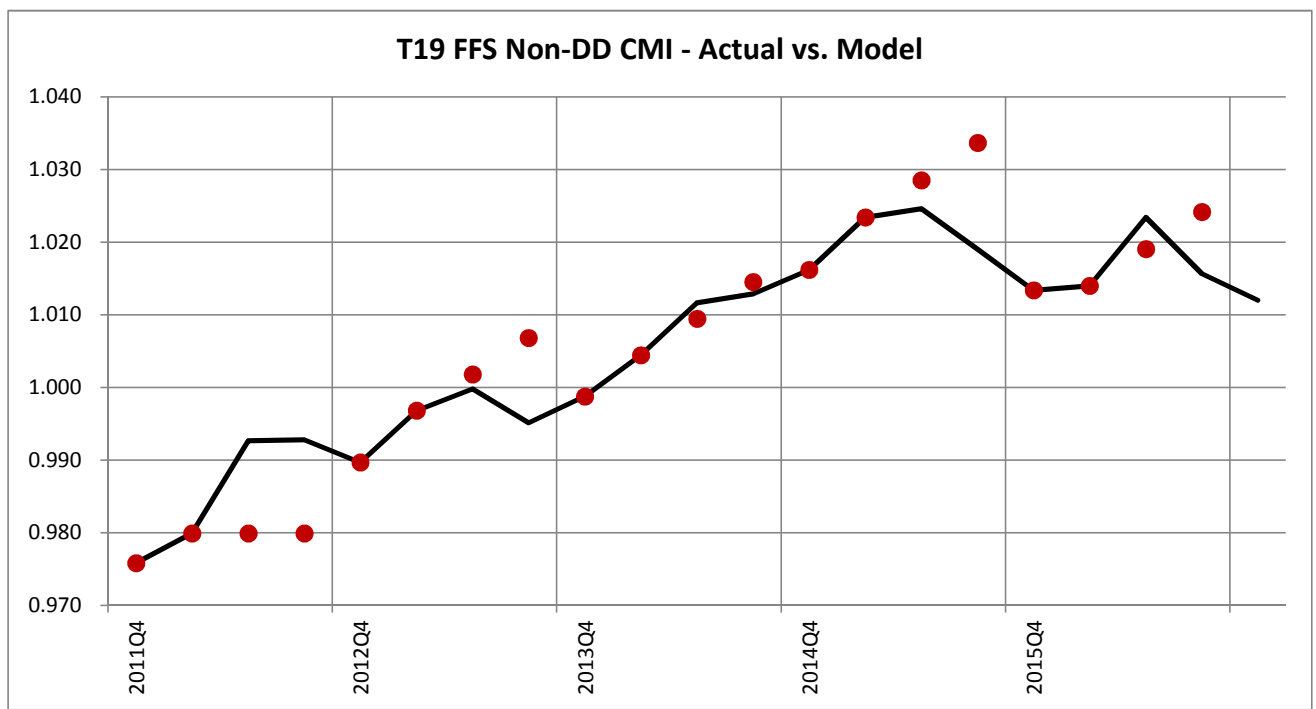
Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents



Analysis of Change in Quarterly T19 FFS Non-DD Case Mix Index

Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent, and TBI residents

Rate Year	Rate Quarter	Picture Quarter	Current Qtr CMI	Model CMIs SFY13	Model CMIs SFY14	Model CMIs SFY15	Model CMIs SFY16	Model CMIs SFY17	
SFY13	2012Q3	2011Q4	0.976	0.976					
	2012Q4	2012Q1	0.980	0.980					
	2013Q1	2012Q2	0.993	0.980					
	2013Q2	2012Q3	0.993	0.980					
SFY14	2013Q3	2012Q4	0.990	0.990					
	2013Q4	2013Q1	0.997	0.997					
	2014Q1	2013Q2	1.000	1.002					
	2014Q2	2013Q3	0.995	1.007					
SFY15	2014Q3	2013Q4	0.999	0.999					
	2014Q4	2014Q1	1.004	1.004					
	2015Q1	2014Q2	1.012	1.009					
	2015Q2	2014Q3	1.013	1.015					
SFY16	2015Q3	2014Q4	1.016	1.016					
	2015Q4	2015Q1	1.023	1.023					
	2016Q1	2015Q2	1.025	1.029					
	2016Q2	2015Q3	1.019	1.034					
SFY17	2016Q3	2015Q4	1.013						1.013
	2016Q4	2016Q1	1.014						1.014
	2017Q1	2016Q2	1.023						1.019
	2017Q2	2016Q3	1.016						1.024
SFY18	2017Q3	2016Q4	1.012						



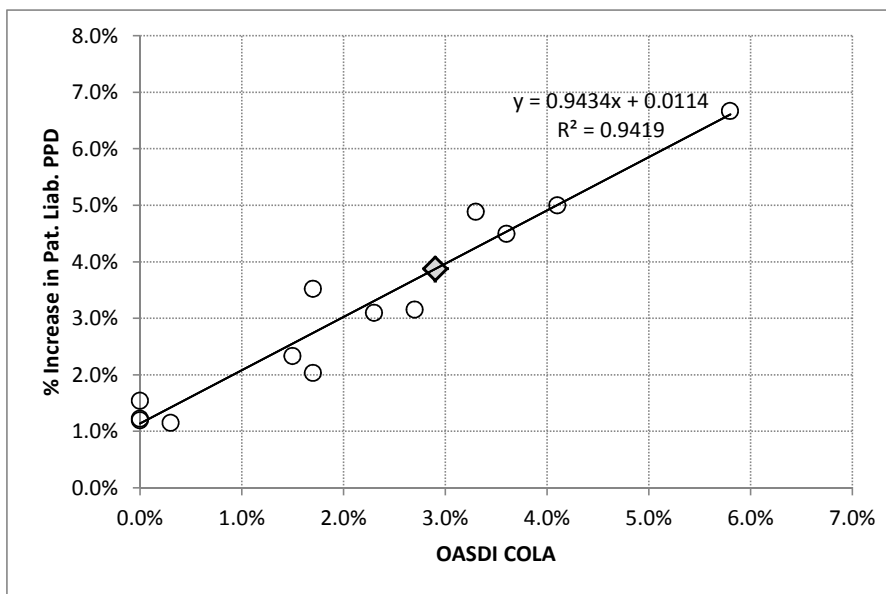
WI Medicaid FFS Nursing Home Non-DD In-House Patient Liability History

Cal. Year	PDs	PMs	Paid	Paid PPD	Pat Liab	PL PPD	Total PPD	PL PPM	Inc. PL PPM	% Inc.	COLA*	PL%
2004	8,188,381	22,373	823,307,575	100.55	200,581,440	24.50	125.04	747.12				19.6%
2005	7,912,599	21,678	802,885,169	101.47	200,484,314	25.34	126.81	770.68	23.55	3.2%	2.7%	20.0%
2006	7,649,363	20,957	780,357,119	102.02	203,499,483	26.60	128.62	809.19	38.51	5.0%	4.1%	20.7%
2007	7,270,090	19,918	753,115,272	103.59	202,857,270	27.90	131.49	848.72	39.53	4.9%	3.3%	21.2%
2008	6,954,760	19,002	752,099,999	108.14	199,518,777	28.69	136.83	874.99	26.27	3.1%	2.3%	21.0%
2009	6,685,233	18,316	765,947,444	114.57	205,136,689	30.69	145.26	933.34	58.35	6.7%	5.8%	21.1%
2010	6,411,649	17,566	772,470,550	120.48	199,092,598	31.05	151.53	944.49	11.15	1.2%	0.0%	20.5%
2011	6,050,619	16,577	738,513,946	122.06	190,774,175	31.53	153.59	959.03	14.54	1.5%	0.0%	20.5%
2012	5,871,261	16,042	730,035,941	124.34	192,909,617	32.86	157.20	1,002.13	43.10	4.5%	3.6%	20.9%
2013	5,518,913	15,120	705,292,295	127.80	185,525,645	33.62	161.41	1,022.50	20.37	2.0%	1.7%	20.8%
2014	5,304,120	14,532	691,191,768	130.31	182,461,083	34.40	164.71	1,046.33	23.83	2.3%	1.5%	20.9%
2015	4,935,601	13,522	651,151,446	131.93	175,759,511	35.61	167.54	1,083.15	36.82	3.5%	1.7%	21.3%
2016	4,685,743	12,803	623,276,398	133.02	168,436,771	35.95	168.96	1,096.37	13.22	1.2%	0.0%	21.3%
2017	1,776,239	11,763	237,410,925	133.66	65,224,769	36.72	170.38	1,108.97	12.59	1.1%	0.3%	21.6%
2018 (est)						37.87		1,151.95	42.98	3.9%	2.9%	

Year	COLA*	PL % Inc
2004 to 2005	2.7%	3.2%
2005 to 2006	4.1%	5.0%
2006 to 2007	3.3%	4.9%
2007 to 2008	2.3%	3.1%
2008 to 2009	5.8%	6.7%
2009 to 2010	0.0%	1.2%
2010 to 2011	0.0%	1.5%
2011 to 2012	3.6%	4.5%
2012 to 2013	1.7%	2.0%
2013 to 2014	1.5%	2.3%
2014 to 2015	1.7%	3.5%
2015 to 2016	0.0%	1.2%
2016 to 2017**	0.3%	1.1%
2017 to 2018	2.9%	3.9%

* www.ssa.gov/cgi-bin/bri.cgi

** SFY17 Est 0.2% 1.5%



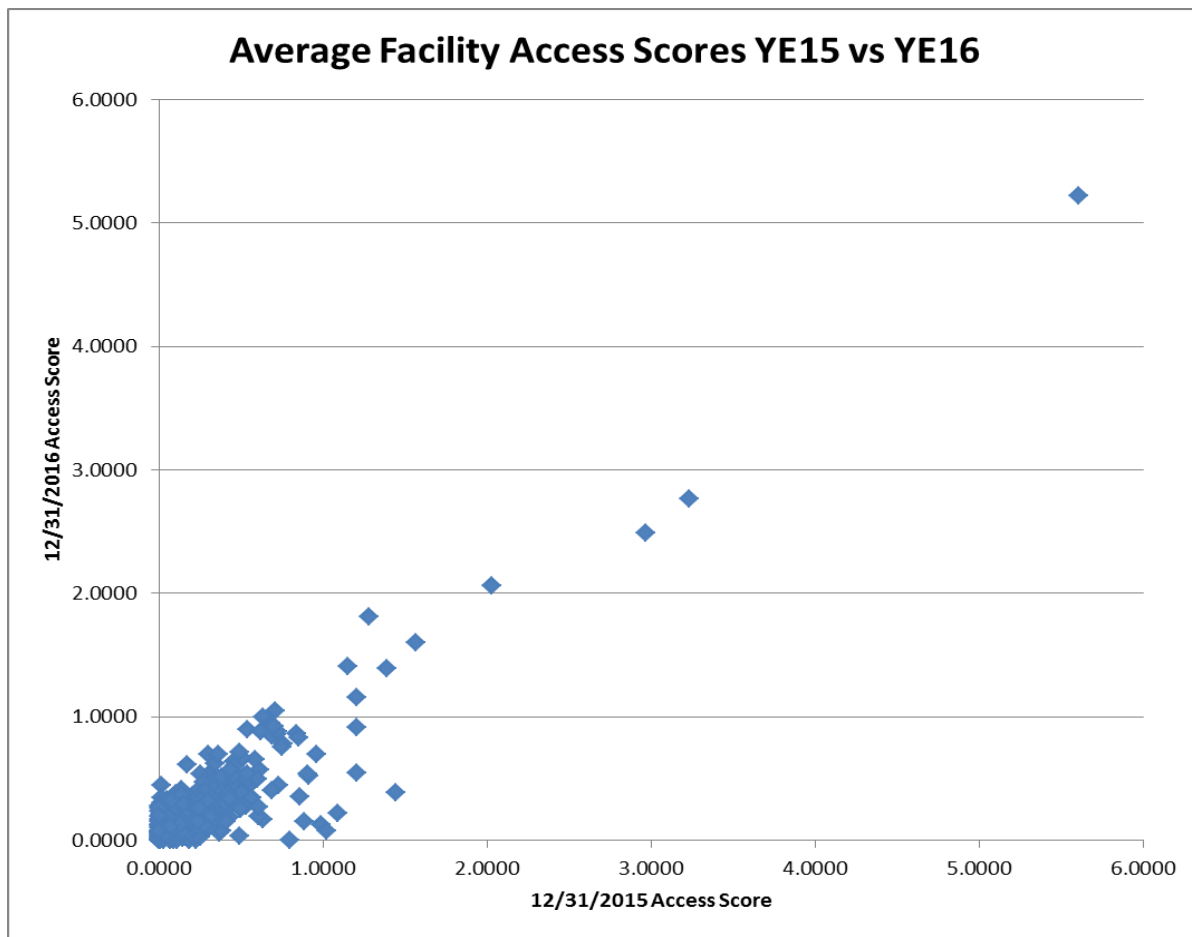
SFY	PL PPM	Chg PPM	CHG PPD
2005	\$ 758.90		
2006	789.93	\$ 31.03	\$ 1.02
2007	828.95	39.02	1.28
2008	861.85	32.90	1.08
2009	904.16	42.31	1.39
2010	938.91	34.75	1.14
2011	951.76	12.85	0.42
2012	980.58	28.82	0.95
2013	1,012.31	31.73	1.04
2014	1,034.41	22.10	0.73
2015	1,064.74	30.33	1.00
2016	1,089.76	25.02	0.82
2017	1,102.67	12.91	0.42
2018	1,130.46	\$ 27.79	\$ 0.91

Average Statewide and Facility Year-End 2015 vs. 2016 Access Scores

Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

Avg Statewide Access Scores:

12/31/2015 =	0.2975
12/31/2016 =	0.2757

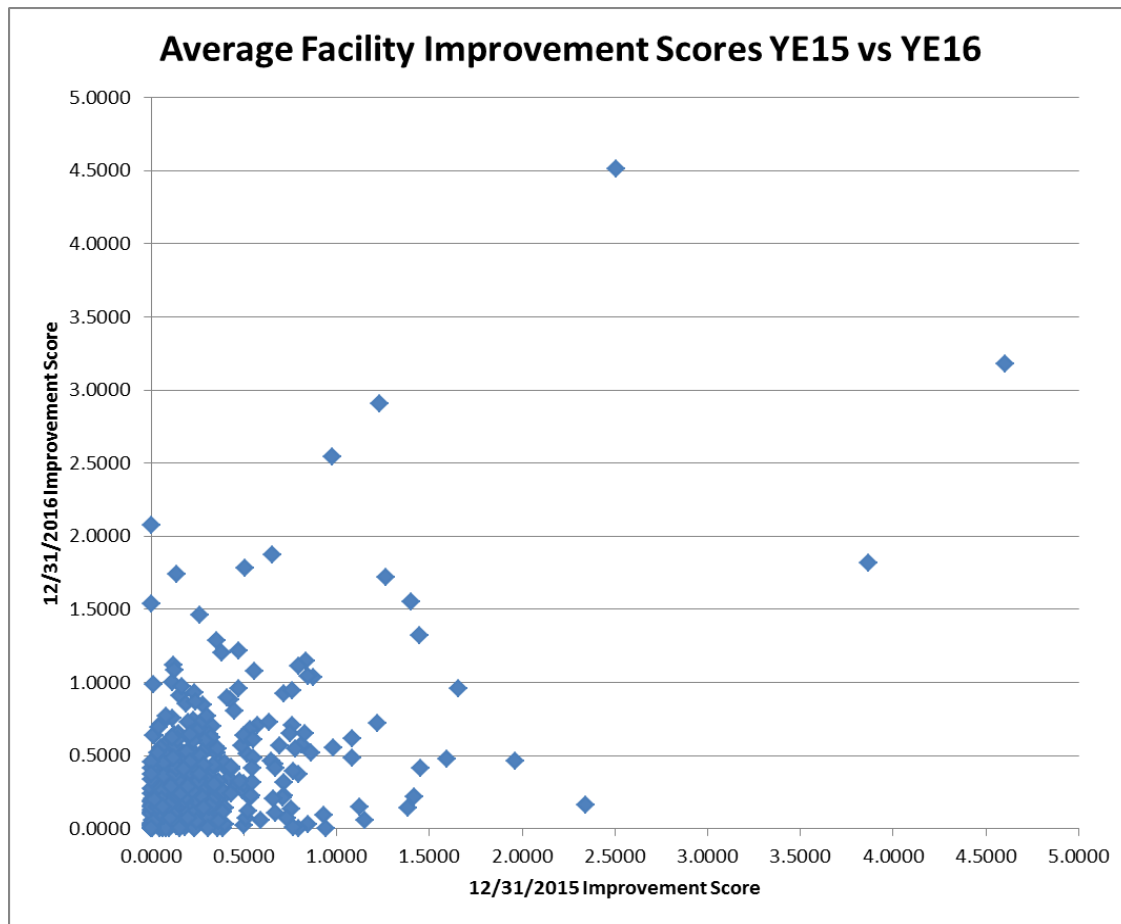


Average Statewide and Facility Year-End 2015 vs. 2016 Improvement Scores

Excludes state owned/operated facilities and non-Medicaid facilities; excludes DD, vent. and TBI residents

Avg Statewide Improvement Scores:

12/31/2015 =	0.3615
12/31/2016 =	0.4018



SFY 2017 WI T19 FFS Nursing Home Model Scenario Results

Source: N:\Projects\Nursing Home Model\SFY 2017\SFY17_NH_Model_MUL_20170706 - Jim - FINAL.xlsb

Scenario Description	Nursing Facilities				ICFs/IID			
	For-Profit	Tax-Exempt	Local Govt	Total	For-Profit	Tax-Exempt	Local Govt	Total
T19 FFS PDs	2,259,191	1,582,909	1,061,769	4,903,869	2,193	25	24,618	26,836
Gross Expenditures (000's)								
2 Scen 2: SFY17 Base Scenario Using SFY16 Scen 8, Avg SFY16 T19 CMI, RateYr=SFY16,with DHS SFY17 budgeted PDs	371,150.1	259,982.3	172,780.8	803,913.2	509.4	6.6	6,256.5	6,772.5
3 Scen 3: Calc Rates for SFY17 Using SFY16 Rate Formula and Avg SFY16 CMI, RateYr=SFY17; Est. 2015 Final CRs	372,451.5	260,361.2	172,991.3	805,803.9	510.1	6.6	6,331.5	6,848.2
4 Scen 4: Update Labor Factors to SFY17	372,244.6	260,287.5	172,947.6	805,479.8	510.0	6.6	6,332.6	6,849.1
5 Scen 5: Update Acuity to SFY17	372,064.2	260,093.9	171,787.1	803,945.2	510.0	6.6	6,332.6	6,849.1
6 Scen 6: Remove \$2 direct care corridor	372,001.7	260,054.3	171,786.0	803,841.9	509.9	6.6	6,332.6	6,849.0
7 Scen 7: Update Beh/CI Incentive	372,039.2	260,064.9	171,800.7	803,904.8	509.9	6.6	6,335.9	6,852.4
8 Scen 8: Collapse DD levels of care	372,044.7	260,070.3	171,835.8	803,950.9	573.4	6.6	6,378.1	6,958.1
9 Scen 9: Adjust Cost Center Bases to Hit Expenditure Targets	376,622.3	263,485.9	174,167.4	814,275.6	579.8	6.7	6,452.1	7,038.6
10 Scen 10: Adjust Access base to increase expenditures by \$5 million	378,127.2	264,752.1	176,303.0	819,182.3	581.9	6.7	6,538.4	7,127.0
11 Scen 11: Adjust Improvement base to increase expenditures by \$5 million	378,546.1	264,762.5	175,903.2	819,211.7	582.2	6.7	6,506.2	7,095.0
12 Scen 12: Adjust Access and Improvement bases to increase expenditures by \$5 million	378,336.9	264,757.5	176,103.3	819,197.7	582.1	6.7	6,522.3	7,111.0
Increase in Gross Expenditures from Prior Scenario (000's)								
3 Scen 3: Calc Rates for SFY17 Using SFY16 Rate Formula and Avg SFY16 CMI, RateYr=SFY17; Est. 2015 Final CRs	1,301.3	378.9	210.5	1,890.7	0.7	0.0	75.0	75.7
4 Scen 4: Update Labor Factors to SFY17	(206.8)	(73.6)	(43.7)	(324.1)	(0.1)	(0.0)	1.0	0.9
5 Scen 5: Update Acuity to SFY17	(180.5)	(193.6)	(1,160.6)	(1,534.6)	(0.0)	0.0	(0.0)	(0.0)
6 Scen 6: Remove \$2 direct care corridor	(62.5)	(39.7)	(1.1)	(103.2)	(0.1)	(0.0)	-	(0.1)
7 Scen 7: Update Beh/CI Incentive	37.5	10.6	14.7	62.9	0.1	0.0	3.3	3.4
8 Scen 8: Collapse DD levels of care	5.6	5.3	35.1	46.1	63.4	0.0	42.3	105.7
9 Scen 9: Adjust Cost Center Bases to Hit Expenditure Targets	4,577.5	3,415.6	2,331.6	10,324.8	6.5	0.1	73.9	80.5
10 Scen 10: Adjust Access base to increase expenditures by \$5 million	1,505.0	1,266.2	2,135.6	4,906.7	2.1	0.0	86.3	88.5
11 Scen 11: Adjust Improvement base to increase expenditures by \$5 million	1,923.8	1,276.6	1,735.7	4,936.1	2.3	0.0	54.1	56.5
12 Scen 12: Adjust Access and Improvement bases to increase expenditures by \$5 million	1,714.6	1,271.5	1,935.9	4,922.1	2.2	0.0	70.2	72.5

SFY 2017 WI T19 FFS Nursing Home Model Rate Formula Values by Scenario

Scenario Description	DC Nursing Base		DC Other Base		Supp. Serv. Target		Beh/CI Base	Vent. Rate
	NF	ICF/IID	NF	ICF/IID	NF	ICF/IID		
2 Scen 2: SFY17 Base Scenario Using SFY16 Scen 8, Avg SFY16 T19 CMI, RateYr=SFY16,with DHS SFY17 budgeted PDs	\$ 77.28	\$ 67.36	\$ 12.97	\$ 14.54	\$ 44.95	\$ 44.99	0.415/0.403	\$ 561.00
7 Scen 7: Update Beh/CI Incentive	77.28	67.36	12.97	14.54	44.95	44.99	0.468/0.454	561.00
9 Scen 9: Adjust Cost Center Bases to Hit Expenditure Targets	78.14	68.11	13.12	14.70	46.21	46.21	0.468/0.454	561.00
10 Scen 10: Adjust Access base to increase expenditures by \$5 million	78.14	68.11	13.12	14.70	46.21	46.21	4.011/0.454	561.00
11 Scen 11: Adjust Improvement base to increase expenditures by \$5 million	78.14	68.11	13.12	14.70	46.21	46.21	0.468/3.460	561.00
12 Scen 12: Adjust Access and Improvement bases to increase expenditures by \$5 million	78.14	68.11	13.12	14.70	46.21	46.21	2.240/1.957	561.00

Percentage of Base Scenario (Scen 2) Values

7 Scen 7: Update Beh/CI Incentive	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	112.8%	100.0%
9 Scen 9: Adjust Cost Center Bases to Hit Expenditure Targets	101.1%	101.1%	101.2%	101.1%	102.8%	102.7%	112.8%	100.0%
10 Scen 10: Adjust Access base to increase expenditures by \$5 million	101.1%	101.1%	101.2%	101.1%	102.8%	102.7%	967%/113%	100.0%
11 Scen 11: Adjust Improvement base to increase expenditures by \$5 million	101.1%	101.1%	101.2%	101.1%	102.8%	102.7%	113%/859%	100.0%
12 Scen 12: Adjust Access and Improvement bases to increase expenditures by \$5 million	101.1%	101.1%	101.2%	101.1%	102.8%	102.7%	540%/486%	100.0%

SFY18 WI NH Modeling Scenarios

Scen 1: Internal scenario for model calibration

Scen 2: SFY18 Base Scenario using SFY17 average rates & SFY17 average T19 CMLs, with DHS SFY18 budgeted PDs

Scen 3: Impute 2016 CRs (from available 2015 final CRs) and calculate rates for SFY18 using SFY17 formula and average SFY17 acuity

Scen 4: Apply 2016 R2 cost reports fields (bed count, property valuation, PDs for EMMUA, single occ. rooms, prop. tax, private room affidavit, incentives, etc.)

Scen 5: Labor Factors - Update to SFY18

Scen 6: Average SFY17 acuity and BEH/CI incentive

Scen 7: Adjust BEH/CI Incentive Scores to incorporate MCO residents

Scen 8: Adjust Access base to increase expenditures by \$5 million

Scen 9: Adjust Improvement base to increase expenditures by \$5 million

Scen 10: Adjust Access and Improvement bases to increase expenditures by \$5 million

Scen 11: Relocation of employee immunization costs to Direct Care

Scen 12: Adjust Cost Center Bases to Hit Expenditure Targets